

PERFORMANCE AUDIT
OF THE

MACOMB COUNTY COMMUNITY
MENTAL HEALTH SERVICES BOARD

AN AGENCY UNDER CONTRACT WITH THE
DEPARTMENT OF COMMUNITY HEALTH

January 2001

EXECUTIVE DIGEST

MACOMB COUNTY COMMUNITY MENTAL HEALTH SERVICES BOARD

INTRODUCTION	This report, issued in January 2001, contains the results of our performance audit* of the Macomb County Community Mental Health Services Board (MCCMHSB), an agency under contract with the Department of Community Health.
AUDIT PURPOSE	This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.
BACKGROUND	<p>MCCMHSB was established in 1965 and operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the <i>Michigan Compiled Laws</i>.</p> <p>MCCMHSB's mission*, which is guided by the values, strengths, and informed choices of the people it serves, is to provide an array of quality services that promote community participation, self-sufficiency, and independence.</p>

* See glossary at end of report for definition.

MCCMHSB operates and/or contracts for mental health services, including inpatient, outpatient, day program, residential, case management, crisis, and prevention services for mentally ill* and developmentally disabled* individuals. MCCMHSB's Access Center serves as the single entry point for Macomb County residents seeking mental health services.

MCCMHSB oversees the Macomb County Office of Substance Abuse, which acts as the area's coordinating agency for substance abuse treatment and prevention.

MCCMHSB's operations are generally funded by State, federal, and local funds. Total expenditures for the fiscal year ended September 30, 1999 were approximately \$100 million. As of September 30, 1999, MCCMHSB had 324 full-time equated employees and was providing mental health and substance abuse services to 6,614 and 3,551 consumers*, respectively.

AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess MCCMHSB's effectiveness in monitoring and administering contracts with mental health and substance abuse services providers.

Conclusion: **MCCMHSB was generally effective in monitoring and administering contracts with mental health and substance abuse services providers.** However, we noted reportable conditions* related to contract monitoring and program assessment, contract administration, and objective measures of abstinence from drug and alcohol use. (Findings 1 through 3).

* See glossary at end of report for definition.

Audit Objective: To assess MCCMHSB's effectiveness and efficiency related to the delivery of mental health and substance abuse services.

Conclusion: **MCCMHSB was generally effective and efficient in its delivery of mental health and substance abuse services.** However, we noted reportable conditions related to preemployment background checks, the outcome* evaluation system for substance abuse services, and membership applications for the MCCMHSB Board of Directors (Findings 4 through 6).

Noteworthy Accomplishments: MCCMHSB has been accredited by the Rehabilitation Accreditation Commission* since 1996. The Commission recently extended MCCMHSB's accreditation through June 2002.

MCCMHSB established an Access Center to serve as a single point of entry for persons seeking services from MCCMHSB. The Access Center completes an initial assessment over the telephone and directs eligible persons to the MCCMHSB service site that best suits their needs.

Audit Objective: To assess the effectiveness and efficiency of MCCMHSB's management system for processing Medicaid capitated payments* and charges against those payments.

Conclusion: **MCCMHSB's management system for processing Medicaid capitated payments and charges was generally effective and efficient.** However, we noted a reportable condition related to retroactive Medicaid eligible consumers (Finding 7).

* See glossary at end of report for definition.

AUDIT SCOPE AND
METHODOLOGY

Our audit scope was to examine the program and other records of the Macomb County Community Mental Health Services Board. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

To accomplish our objectives, we examined MCCMHSB's records and activities for the period October 1, 1997 through April 28, 2000. We analyzed selected contracts with mental health and substance abuse service providers and tested compliance with the contracts. We interviewed selected MCCMHSB and contractual services provider staff and conducted site visits of contract providers. We evaluated the adequacy of MCCMHSB's contractor selection process and assessed MCCMHSB's contract monitoring efforts.

We reviewed applicable statutes, administrative rules, and policies and procedures; assessed the effectiveness of applicable internal control*; and analyzed applicable program, financial, and clinical records. We assessed the adequacy of MCCMHSB's quality assessment and improvement efforts. We conducted criminal history background checks of selected MCCMHSB and contract agency staff. We surveyed consumers and referral sources (survey summaries are presented as supplemental information).

We reviewed the accuracy and completeness of selected charges against MCCMHSB's Medicaid capitated funding

* See glossary at end of report for definition.

and funding from the State General Fund. We also reviewed the year-end cost settlement process.

AGENCY RESPONSES

Our audit report contains 7 findings and 8 corresponding recommendations. MCCMHSB's preliminary response indicated that it agrees with all of our findings.

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February 6, 2001

Ms. Nancy M. White, Chairperson
Macomb County Community Mental Health Services Board of Directors
and
Mr. Donald Habkirk, Jr., Executive Director
Macomb County Community Mental Health Services Board
10 North Main Street
Mt. Clemens, Michigan
and
Mr. James K. Haveman, Jr., Director
Department of Community Health
Lewis Cass Building
Lansing, Michigan

Dear Ms. White, Mr. Habkirk, and Mr. Haveman:

This is our report on the performance audit of the Macomb County Community Mental Health Services Board, an agency under contract with the Department of Community Health.

This report contains our executive digest; description of agency; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; charts showing revenue, expenditures, and unduplicated consumer headcount and survey summaries, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's written comments and oral discussion subsequent to our audit fieldwork.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

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Description of Agency

The Macomb County Community Mental Health Services Board (MCCMHSB) was established in 1965 and operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the *Michigan Compiled Laws*. MCCMHSB is subject to oversight by the Department of Community Health.

MCCMHSB's mission, which is guided by the values, strengths, and informed choices of the people it serves, is to provide an array of quality services that promote community participation, self-sufficiency, and independence.

MCCMHSB's administrative office is in the City of Mt. Clemens. MCCMHSB's governing body is composed of 12 members responsible for making certain that MCCMHSB meets the mental health needs of Macomb County residents. MCCMHSB operates and/or contracts for mental health services, including inpatient, outpatient, day program, residential, case management, crisis, and prevention services for mentally ill and developmentally disabled individuals. MCCMHSB's Access Center serves as the single entry point for Macomb County residents seeking mental health services.

MCCMHSB oversees the Macomb County Office of Substance Abuse, which acts as the area's coordinating agency for substance abuse treatment and prevention.

MCCMHSB's operations are generally funded by State, federal, and local funds. Total expenditures for the fiscal year ended September 30, 1999 were approximately \$100 million. As of September 30, 1999, MCCMHSB had 324 full-time equated employees and was providing mental health and substance abuse services to 6,614 and 3,551 consumers, respectively.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of the Macomb County Community Mental Health Services Board (MCCMHSB), an agency under contract with the Department of Community Health, had the following objectives:

1. To assess MCCMHSB's effectiveness in monitoring and administering contracts with mental health and substance abuse services providers.
2. To assess MCCMHSB's effectiveness and efficiency related to the delivery of mental health and substance abuse services.
3. To assess the effectiveness and efficiency of MCCMHSB's management system for processing Medicaid capitated payments and charges against those payments.

Audit Scope

Our audit scope was to examine the program and other records of the Macomb County Community Mental Health Services Board. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

Our audit procedures were conducted from October 1999 through April 2000 and included examining MCCMHSB's records and activities for the period October 1, 1997 through April 28, 2000.

To accomplish our first objective, we obtained and analyzed selected contracts with mental health and substance abuse service providers for fiscal years 1998-99 and 1997-98 and tested compliance with the contracts. We interviewed selected MCCMHSB and contractual services provider staff and conducted site visits of contract providers. We documented and assessed the effectiveness of applicable internal control. We evaluated the adequacy of MCCMHSB's contractor selection process and

assessed MCCMHSB's contract monitoring efforts. Finally, we tested the accuracy of selected MCCMHSB payments to its contractors.

To accomplish our second objective, we reviewed applicable statutes, administrative rules, policies and procedures, and other authoritative sources. Also, we interviewed selected MCCMHSB and contractual services provider staff. We documented and assessed the effectiveness of applicable internal control. We analyzed applicable program, financial, and clinical records related to MCCMHSB's intake process, person-centered planning initiatives, and compliance with selected clinical standards for the day program, residential, case management, and substance abuse services programs. We assessed the adequacy of MCCMHSB's quality assessment and improvement efforts related to these programs. We conducted criminal history background checks of selected MCCMHSB and contract agency staff. In addition, we surveyed consumers and referral sources to obtain feedback related to satisfaction with the delivery of MCCMHSB provided or contracted services (survey summaries are presented as supplemental information).

To accomplish our third objective, we reviewed relevant literature related to the capitated payment system. We met with MCCMHSB staff to obtain an understanding of the Medicaid payment process and documented the applicable internal control. We reviewed the accuracy and completeness of selected charges against MCCMHSB's Medicaid capitated funding and funding from the State General Fund. We also reviewed the year-end cost settlement process and recalculated capitated payments based on prescribed funding formulas.

Agency Responses

Our audit report contains 7 findings and 8 corresponding recommendations. MCCMHSB's preliminary response indicated that it agrees with all of our findings.

The agency preliminary response which follows each recommendation in our report was taken from MCCMHSB's written comments and oral discussion subsequent to our audit fieldwork.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

CONTRACT MONITORING AND ADMINISTRATION

COMMENT

Audit Objective: To assess the Macomb County Community Mental Health Services Board's (MCCMHSB's) effectiveness in monitoring and administering contracts with mental health and substance abuse services providers.

Conclusion: **MCCMHSB was generally effective in monitoring and administering contracts with mental health and substance abuse services providers.** However, we noted reportable conditions related to contract monitoring and program assessment, contract administration, and objective measures of abstinence from drug and alcohol use.

FINDING

1. Contract Monitoring and Program Assessment

MCCMHSB should improve its procedures for contracting with and monitoring its specialized residential services (SRS) providers and for assessing the effectiveness of its SRS program.

MCCMHSB's contracts with 10 providers totaled \$40.4 million and \$36.8 million during fiscal years 1998-99 and 1997-98, respectively, for delivery of SRS to eligible Macomb County residents. Payments to Macomb-Oakland Regional Center, Inc. (MORC), MCCMHSB's largest SRS contractor, accounted for 81.8% and 86.3% of these expenditures during fiscal years 1998-99 and 1997-98, respectively.

We reviewed and evaluated MCCMHSB's contracting and related monitoring activities for four of MCCMHSB's SRS providers (including MORC) and noted:

- a. MCCMHSB's contract with MORC did not define allowable expenditures under each of the four program funding categories. The funding categories included slot cost, staff and operating costs, exceptions, and direct care pass-through.

Section 4.03 of MCCMHSB's contract with MORC specifies that MORC shall only incur and be paid for costs and expenses that are consistent with, and subject to, the funding categories defined in the contract. To ensure that it is paying for expenditures deemed appropriate under the contract, it is essential that MCCMHSB clearly define allowable expenditures.

- b. MCCMHSB had not formally reviewed and approved and periodically tested MORC's cost allocation methodology.

MORC provided services to consumers of several community mental health agencies (CMHAs), including the Macomb County, Oakland County, Sanilac County, and Detroit-Wayne County CMHAs. Group homes operated by MORC often provided services to consumers who were the financial responsibility of various CMHAs. To bill each CMHA for services delivered to its consumers, MORC established and implemented a cost allocation system.

MCCMHSB informed us that it had not formally reviewed and approved MORC's cost allocation methodology because MCCMHSB was relying on discussions with MORC and reviews of the methodology by Oakland County's Audit Division and independent consultants hired by MORC.

- c. MCCMHSB had not conducted on-site monitoring of MORC's clinical operations. In addition, MCCMHSB had not requested that MORC provide data related to its continuous quality assurance, utilization review, and consumer and program outcome reviews.

On-site monitoring of MORC's clinical operations and a review of MORC's clinical monitoring and assessment processes is essential because MORC clinically assesses, develops service and support plans for, and case manages MCCMHSB-funded consumers. These functions, when completed

by or with MCCMHSB staff, would normally provide MCCMHSB with direct consumer contact and the opportunity for clinical oversight.

We reviewed three consumer case files at each of three of MORC's subcontracted group homes, along with selected direct care staff training records. We noted that 2 of 9 applicable case files were missing required consent forms for medical treatment and that 1 of 3 applicable case files was missing the required consent form for the use of psychotropic medications. We also noted that group homes' training records for 2 of 24 staff did not indicate whether the staff had received cardiopulmonary resuscitation (CPR) or first-aid training on a timely basis. We reviewed staff training records at three other SRS providers and noted that 5 of 22 and 6 of 17 staff had not received timely medication update training and recipient rights training, respectively.

- d. MCCMHSB contracting procedures for SRS providers did not result in accurate estimates of providers' actual funding needs. As a result, some SRS group homes had been overfunded and others underfunded.

Both MCCMHSB and MORC contract with SRS providers on a fee-for-services basis, which specifies a preset amount to be paid to providers for each group home they operate. These amounts are usually based on the prior year contract without reviewing or considering the group homes' prior expenditure histories.

For example, our review disclosed that one home's revenue exceeded its expenditures by an average of approximately \$14,000 per year during the three fiscal year period ended September 30, 1999. Conversely, a second home's expenditures exceeded revenue by an average of approximately \$10,000 for the same period. Accurate budgeting is needed to ensure that State resources are used efficiently, while simultaneously ensuring that providers are appropriately funded to effectively deliver services.

- e. MCCMHSB did not monitor its SRS providers to ensure that they delivered the contracted minimum amount of staffing. We reviewed the staffing provided at

3 MCCMHSB contracted group homes and noted that staffing shortfalls for the 3 providers ranged from approximately 1.4% to 11.5% of budgeted staffing. Monitoring the amount of staffing delivered by SRS providers is imperative because staffing accounts for approximately 70% of a home's operating costs and is the provider's primary method of service delivery.

MORC did not include minimum group home staffing expectations in its subcontracts with SRS providers. As a result, we had no basis for determining if the correct amount of staffing was provided.

- f. MCCMHSB did not ensure that MORC maintained a written inventory of equipment purchased with MCCMHSB funding.

Article 11 of MCCMHSB's contract with MORC requires MORC to maintain a written inventory of equipment that identifies equipment purchased with MCCMHSB funding. MORC maintained an inventory of equipment used in its administrative offices but did not maintain an inventory of equipment located at its subcontracted group homes.

- g. MCCMHSB had not established performance standards or a comprehensive data collection and analysis system to evaluate the overall effectiveness of the SRS program relative to MCCMHSB's stated objectives for the program.

RECOMMENDATION

We recommend that MCCMHSB improve its procedures for contracting with and monitoring its SRS providers and for assessing the effectiveness of its SRS program.

AGENCY PRELIMINARY RESPONSE

MCCMHSB agrees with the finding and stated that:

- (a) Future contracts with MORC will explicitly define allowable expenditures under the four program funding categories.
- (b) MCCMHSB will formally request, review, and approve MORC's cost allocation methodology. However, MCCMHSB does not believe that its past practice of

discussions with MORC and a reliance on independent audits has resulted in any variance in what it would have paid MORC.

- (c) MCCMHSB will request that its Board of Directors approve four new contract monitoring positions to improve its monitoring of MORC.
- (d) MCCMHSB contracted with a public accounting firm to conduct audits of its SRS providers. MCCMHSB will use the audits to evaluate the future funding needs of the providers.
- (e) MCCMHSB will monitor group home staffing through review of the providers' weekly work schedules and attendance reports.
- (f) MCCMHSB will ensure that MORC maintains a written inventory of equipment purchased with MCCMHSB funding when it conducts its annual financial and compliance audit of MORC.
- (g) MCCMHSB is in the process of including measurable performance standards in its fiscal year 2000-01 contracts with SRS providers. MCCMHSB will also develop a system to evaluate contractor compliance with the performance standards.

FINDING

2. Contract Administration

MCCMHSB should improve its procedures for administering contracts with its services providers to help ensure that contracts are executed and cost settled on a timely basis.

MCCMHSB entered into 103 and 119 contracts with mental health services providers totaling approximately \$53 million and \$60 million during fiscal years 1998-99 and 1997-98, respectively.

We reviewed 34 selected contracts and noted:

- a. MCCMHSB did not execute 27 contracts on a timely basis. The delays in executing these contracts ranged from 23 days to 736 days after the effective date of the contracts. In addition, we could not determine when MCCMHSB executed 6 of the 34 contracts because MCCMHSB's authorizing signature on the contracts was not dated.

All of the contracts reviewed were renewals of prior year contracts. MCCMHSB's contracts with its services providers contained a provision for the carry-over of the previous year's contract terms, conditions, and funding levels, subject to both parties issuing a declaration of intent to renew the contract. MCCMHSB signed the declarations of intent to renew the contracts; however, the services providers did not.

The timely execution of contracts helps to ensure the protection of MCCMHSB's consumer population and to safeguard the interests of MCCMHSB. MCCMHSB management informed us that a shortage of contract management staff contributed to MCCMHSB's inability to execute provider contracts in a timely manner.

- b. MCCMHSB did not cost settle start-up contracts for residential services in a timely manner.

MCCMHSB provides start-up funding to residential services providers to, among other things, purchase furniture, lease vehicles, and provide required staff training for new residential facilities. The start-up contracts require MCCMHSB to cost settle contracts upon receiving itemized statements of expenditures from the providers, which are due within 75 days of the providers receiving start-up funding. Cost settlement, the reconciliation of provider revenues and expenditures, may result in providers owing MCCMHSB for unexpended start-up funds.

We reviewed 5 start-up contracts totaling \$110,849 and noted that, in all 5 instances, the providers had submitted the required itemized statements of expenditures to MCCMHSB between 29 and 652 days after they were due.

We noted no evidence that MCCMHSB pursued timely submission of the reports. Consequently, MCCMHSB could not complete the cost settlements in a timely manner. Three of the cost settlements resulted in repayments to MCCMHSB totaling \$4,361. The effect of these untimely cost settlements was the equivalent of an interest-free loan to the residential services providers.

RECOMMENDATION

We recommend that MCCMHSB improve its procedures for administering contracts with its services providers to help ensure that contracts are executed and cost settled on a timely basis.

AGENCY PRELIMINARY RESPONSE

MCCMHSB agrees with the finding and plans to add an administrative assistant position that will have direct responsibility for contract development and follow-up with services providers. In addition, MCCMHSB stated that it has implemented measures to ensure that all contracts are dated, that both parties sign the declarations of intent to renew the contracts, and that cost settlements of start-up contracts are completed in a timely manner.

FINDING

3. Objective Measures of Abstinence From Drug and Alcohol Use

MCCMHSB did not ensure that its substance abuse services providers routinely conducted client drug and/or alcohol screenings and monitored client attendance of prescribed self-help and support groups.

MCCMHSB's contracts require services providers to include drug and alcohol screening and referral to self-help and support groups as objectives in clients' treatment plans. These objectives are used to measure a client's progress toward meeting the primary treatment goal of abstinence. Continued drug and alcohol use during treatment and/or nonattendance of self-help and support groups may demonstrate the need for more or different treatment strategies, referral to a more intensive program, or discharge from the program.

We reviewed 19 selected cases at 4 of MCCMHSB's 8 substance abuse outpatient treatment providers and noted:

- a. Seventeen of 19 case files reviewed included drug and/or alcohol screening as an objective within the treatment plan. However, in 7 cases, the provider did not conduct any drug and/or alcohol screenings. In several other instances, the number of drug and/or alcohol screenings conducted appeared inadequate. For example, a provider delivered 33 therapy sessions to a client but only screened the client for alcohol use twice.
- b. Fifteen of 19 cases reviewed had attendance of a self-help or support group as an objective within the treatment plan. However, in 12 cases, the provider did not obtain any evidence that the client attended any related sessions.
- c. Six of 19 cases reviewed did not document either that the provider conducted drug and/or alcohol screenings or that the client attended any self-help or support groups.

Services providers may not have conducted the required drug and/or alcohol screenings, in part, because of a lack of specific direction from MCCMHSB as to how often it expects providers to conduct the tests. MCCMHSB's contracts with the services providers make no mention of testing frequency even though MCCMHSB's annual contract application guidelines require that the tests be conducted on a routine basis.

MCCMHSB, in its quarterly quality assurance reviews, sometimes cited providers for not conducting required drug and/or alcohol screenings. However, MCCMHSB has not established a mechanism to penalize providers that do not comply with this contractual requirement.

RECOMMENDATION

We recommend that MCCMHSB ensure that its substance abuse services providers routinely conduct client drug and/or alcohol screenings and monitor client attendance of prescribed self-help and support groups.

AGENCY PRELIMINARY RESPONSE

MCCMHSB agrees with the finding and plans to provide more specific guidelines to providers, which can be more objectively monitored by the Macomb County Office of Substance Abuse.

EFFECTIVENESS AND EFFICIENCY OF DELIVERY OF SERVICES

COMMENT

Audit Objective: To assess MCCMHSB's effectiveness and efficiency related to the delivery of mental health and substance abuse services.

Conclusion: **MCCMHSB was generally effective and efficient in its delivery of mental health and substance abuse services.** However, we noted reportable conditions related to preemployment background checks, the outcome evaluation system for substance abuse services, and membership applications for the MCCMHSB Board of Directors.

Noteworthy Accomplishments: MCCMHSB has been accredited by the Rehabilitation Accreditation Commission since 1996. The Commission recently extended MCCMHSB's accreditation through June 2002.

MCCMHSB established an Access Center to serve as a single point of entry for persons seeking services from MCCMHSB. The Access Center completes an initial assessment over the telephone and directs eligible persons to the MCCMHSB service site that best suits their needs.

FINDING

4. Preemployment Background Checks

MCCMHSB, in conjunction with the Macomb County Human Resources Department, had not developed and implemented policies and procedures to conduct and evaluate preemployment criminal history background checks of MCCMHSB job applicants. Also, MCCMHSB did not require that its contractual

services providers conduct and evaluate preemployment criminal history background checks of provider staff.

The Mental Health Code (specifically, Section 330.1708 of the *Michigan Compiled Laws*) requires a community mental health board to deliver mental health services in a safe and humane treatment environment. Without knowing the background of the individuals providing mental health services to MCCMHSB's consumers, management lacked reasonable assurance that it delivered, or contracted to deliver, services in a safe environment.

We surveyed 14 of MCCMHSB's contractual services providers and determined that 3 providers did not conduct preemployment criminal history background checks. We obtained a listing of the names and other identifying information for the employees of the 3 providers and the employees of MCCMHSB. We provided this information to the Michigan Department of State Police to identify convicted felons. For the employees tested, nothing came to our attention that would preclude an individual from providing mental health services.

MCCMHSB management informed us that it had not previously considered using preemployment criminal history background checks to evaluate the appropriateness of potential job applicants.

RECOMMENDATIONS

We recommend that MCCMHSB, in conjunction with the Macomb County Human Resources Department, develop and implement policies and procedures to conduct and evaluate preemployment criminal history background checks of MCCMHSB job applicants.

We also recommend that MCCMHSB require that its contractual services providers conduct and evaluate preemployment criminal history background checks of provider staff.

AGENCY PRELIMINARY RESPONSE

MCCMHSB agrees with the finding and will conduct preemployment background checks of MCCMHSB employees. Also, fiscal year 2000-01 contracts between

MCCMHSB and its providers require providers to conduct preemployment background checks on all provider staff.

FINDING

5. Outcome Evaluation System for Substance Abuse Services

MCCMHSB had not developed a comprehensive outcome evaluation system for its substance abuse treatment program.

In fiscal year 1998-99, MCCMHSB entered into contracts totaling \$3,568,199 with 15 different organizations to deliver substance abuse treatment services to Macomb County's residents. MCCMHSB conducted quarterly quality assurance reviews and annual audits of each of these organizations. These reviews included an examination of acceptable treatment standards and practices, patient placement criteria, and adherence to accreditation standards and licensing rules, but the reviews did not include an examination of treatment outcomes. MCCMHSB periodically evaluated consumer satisfaction, which is an outcome, and compiled other outcome-related data for a small segment of its consumer population. However, the evaluation of consumer satisfaction and the compilation of other limited outcome data was not adequate for MCCMHSB to comprehensively evaluate the effectiveness of the treatment programs offered by its contractual services providers.

Meaningful review and evaluation of the relevance, quality, effectiveness, and efficiency of substance abuse treatment services should necessitate periodic evaluation of treatment outcomes. Such evaluations should identify the successes and failures in treatment outcomes and the strengths and weaknesses in treatment methodology. This information is necessary for MCCMHSB to make meaningful decisions related to program content and funding levels.

MCCMHSB informed us that a lack of financial resources has prohibited it from establishing a comprehensive treatment outcome evaluation system.

RECOMMENDATION

We recommend that MCCMHSB develop a comprehensive outcome evaluation system for its substance abuse treatment program.

AGENCY PRELIMINARY RESPONSE

MCCMHSB agrees with the finding and stated that more can always be done to utilize available information and evaluate treatment outcomes to improve treatment services. MCCMHSB stated that weighing the amount of resources to allocate to evaluation versus needed treatment services is an ongoing challenge.

FINDING

6. Membership Applications for the MCCMHSB Board of Directors

Some members of the MCCMHSB Board of Directors had not completed applications for appointment or reappointment to the Board.

The Mental Health Code (specifically, Section 330.1222 of the *Michigan Compiled Laws*) prescribes specific criteria for initial and continuing membership and participation on a community mental health board. For example, Section 330.1222 prohibits board members from holding policy-making positions with vendors of the community mental health program. Section 330.1222 also precludes board members from voting on contract proposals from vendors with which they hold non-policy-making positions.

Rule XVI of the Macomb County Board of Commissioners requires individuals seeking appointment to the MCCMHSB Board of Directors to complete applications listing certain biographical data and qualifications for appointment. Also, the application requires the applicants to affirm that they hold no position or appointment that has a conflict of interest with the appointed position and that, if appointed, they will comply with all statutory and other requirements of the appointment. The Board of Commissioners can use this information to ensure that its appointments to the MCCMHSB Board of Directors comply with the Mental Health Code. In addition, the MCCMHSB Board of Directors can use this information to help avoid conflicts of interest when approving vendor contracts.

Three of the 12 members of the MCCMHSB Board of Directors had not completed applications for their current three-year appointments or reappointments. Two of the 3 members had completed applications for appointments that they received 12 and 15 years earlier, but they had not completed applications for subsequent reappointments.

RECOMMENDATION

We recommend that members of the MCCMHSB Board of Directors complete applications for appointment or reappointment to the Board.

AGENCY PRELIMINARY RESPONSE

MCCMHSB agrees with the finding and stated that, as of April 15, 2000, it had obtained current applications for appointment for all 12 members of the MCCMHSB Board of Directors.

MEDICAID CAPITATED PAYMENTS

Audit Objective: To assess the effectiveness and efficiency of MCCMHSB's management system for processing Medicaid capitated payments and charges against those payments.

Conclusion: **MCCMHSB's management system for processing Medicaid capitated payments and charges was generally effective and efficient.** However, we noted a reportable condition related to retroactive Medicaid eligible consumers.

FINDING

7. Retroactive Medicaid Eligible Consumers

MCCMHSB did not charge the costs of providing some services to consumers with retroactive Medicaid eligibility to the proper funding source. As a result, MCCMHSB did not accurately report its costs to the Department of Community Health (DCH) for cost settlement purposes.

DCH provides MCCMHSB with funding to deliver mental health services from two primary sources. DCH uses a capitated funding methodology for services that MCCMHSB provides to consumers with Medicaid eligibility. DCH provides MCCMHSB with money from the State General Fund to deliver mental health services to consumers without Medicaid eligibility.

Capitated funding for Medicaid eligible services is provided to MCCMHSB in the form of a monthly prepayment, based on the number of Medicaid eligible

consumers, their ages, their diagnoses, a Statewide capitated rate, and an individual intensity rate developed for each community mental health services program. The funding for non-Medicaid eligible consumers, meeting specified population and service requirements, is based on a DCH formula.

On a monthly basis, the Family Independence Agency (FIA) determines the number of Macomb County residents eligible for Medicaid. FIA provides this information to DCH to calculate the Medicaid prepayment payable to MCCMHSB. When appropriate, FIA will grant individuals retroactive Medicaid eligibility for one or more previous months. In these instances, DCH will provide MCCMHSB with Medicaid funds for the periods of retroactive eligibility. MCCMHSB's contract with DCH required MCCMHSB to maintain systems to accurately assign costs to these funding sources.

MCCMHSB used its Managed Care Organization (MCO) System to assign service costs to MCCMHSB's funding sources. Generally, the System assigned costs appropriately. However, when FIA granted an MCCMHSB consumer retroactive Medicaid eligibility, the MCO System did not always reassign the costs for these Medicaid services from the fund containing money from the State General Fund to the fund containing Medicaid capitated funding. As a result, MCCMHSB overstated its mental health expenditures from State General Fund money and understated its Medicaid expenditures.

We reviewed the service activity and claims data for 12 consumers granted retroactive Medicaid eligibility by FIA. For 11 of the 12 consumers, MCCMHSB's MCO System did not reassign the costs for services provided during the period of retroactive eligibility from the fund containing money from the State General Fund to the fund containing Medicaid capitated funding. The cost of these services totaled approximately \$13,000. MCCMHSB queried its MCO System and estimated that, for fiscal year 1998-99, it did not reassign to its Medicaid capitated funding approximately \$286,000 in service costs inappropriately charged to the fund containing money from the State General Fund. MCCMHSB informed us that it previously recognized this problem and thought that it had made appropriate corrections.

MCCMHSB's fiscal year 1998-99 contract with DCH allows MCCMHSB to carry forward up to 5% of the money received from the State General Fund and up to 5% of the total Medicaid prepayment that remains unexpended at fiscal year-end. The contract allows MCCMHSB to expend money from the State General Fund on services for any of its consumers but restricts its expenditure of the Medicaid funding to services for consumers with Medicaid eligibility. Consequently, it is imperative that MCCMHSB charge the correct funding sources for all services that it delivers. The improper assignment of expenditures did not affect the total amount of unexpended funds carried forward from fiscal year 1998-99 to fiscal year 1999-2000. However, continued misassignment of expenditures could affect total future carry-forwards.

RECOMMENDATION

We recommend that MCCMHSB charge the costs of providing its services to consumers with retroactive Medicaid eligibility to the proper funding source.

AGENCY PRELIMINARY RESPONSE

MCCMHSB agrees with the finding. MCCMHSB stated that it had identified the cited condition prior to the audit and was working to correct it during the audit fieldwork. MCCMHSB also stated that, as of March 2000, it was charging the correct funding source for all delivered services.

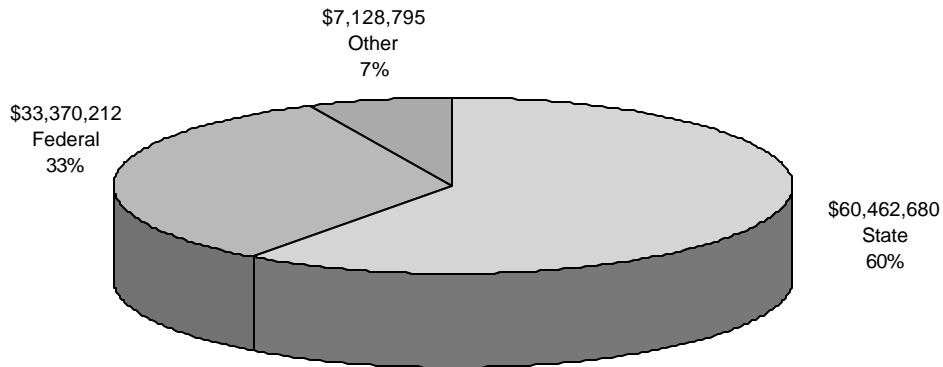
SUPPLEMENTAL INFORMATION

UNAUDITED

MACOMB COUNTY COMMUNITY MENTAL HEALTH SERVICES BOARD

Revenue

For the Fiscal Year Ended September 30, 1999



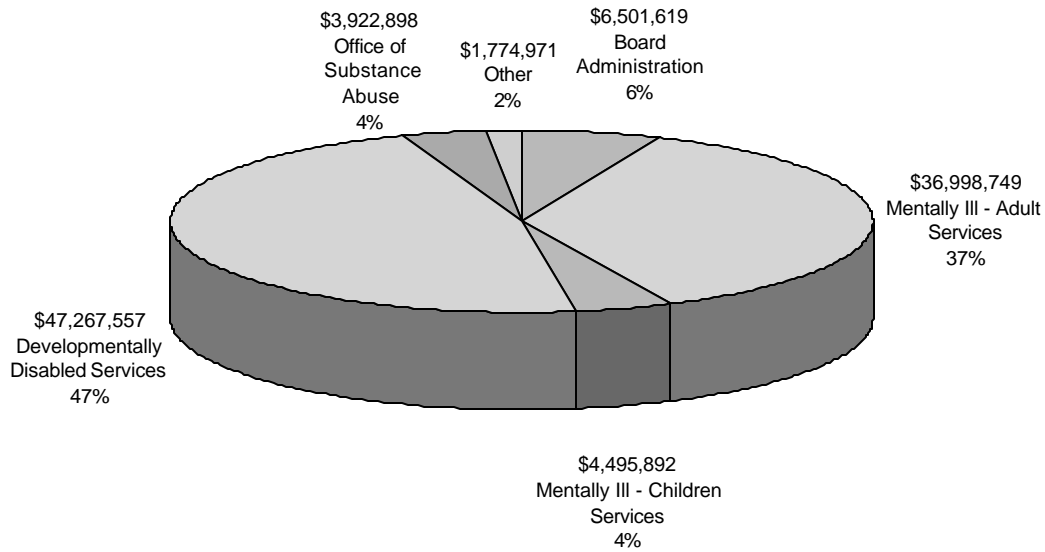
	<u>Amount</u>
State	\$ 60,462,680
Federal	33,370,212
Other	<u>7,128,795</u>
Total Revenue	<u>\$ 100,961,687</u>

UNAUDITED

MACOMB COUNTY COMMUNITY MENTAL HEALTH SERVICES BOARD

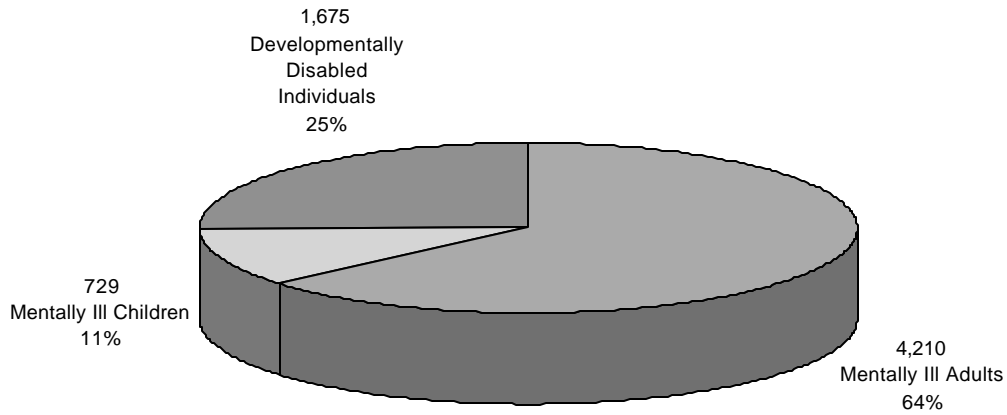
Expenditures

For the Fiscal Year Ended September 30, 1999



	Amount
Board Administration	\$ 6,501,619
Mentally III - Adult Services	36,998,749
Mentally III - Children Services	4,495,892
Developmentally Disabled Services	47,267,557
Office of Substance Abuse	3,922,898
Other	1,774,971
Total Expenditures	<u><u>\$ 100,961,686</u></u>

MACOMB COUNTY COMMUNITY MENTAL HEALTH SERVICES BOARD
Unduplicated Consumer Headcount for Mental Health Services
For the Fiscal Year Ended September 30, 1999



	<u>Headcount</u>
Mentally Ill Adults	4,210
Mentally Ill Children	729
Developmentally Disabled Individuals	<u>1,675</u>
Total	<u><u>6,614</u></u>

Note: In addition to mentally ill adults, mentally ill children, and developmentally disabled individuals, MCCMHSB treated 3,551 substance abuse clients.

Macomb County Community Mental Health Services Board (MCCMHSB)
Consumer and Guardian Survey Summary

Summary Overview

We sent surveys to 300 consumers or guardians of consumers who were MCCMHSB consumers as of November 1999. Thirty-nine surveys were returned as undeliverable mail. We received 67 responses from the 261 surveys delivered, a response rate of about 26%. Our survey was of both adults and children diagnosed as mentally ill or developmentally disabled.

Following is a copy of the survey that includes the number of responses received for each item. The total number of responses for each item may not agree with the number of responses reported above because some respondents provided more than one response to an item and other respondents did not answer all items.

1. Please indicate the response that best describes who is completing this survey. I am a:

20 Current consumer of MCCMHSB.
3 Former consumer of MCCMHSB.
14 Relative of current or former MCCMHSB consumer.
18 Guardian of current or former MCCMHSB consumer.
8 Other

If you are a relative, guardian, or other interested party of a current or former MCCMHSB consumer, please respond to the following questions on his/her behalf.

2. Please indicate how long you have received services from MCCMHSB.

9 Less than or equal to 12 months
51 More than 12 months

3. Are there any mental health services that you are waiting to receive?

7 Yes 55 No

4. I learned about MCCMHSB through:

8 The local school district.
15 A doctor or other medical professional.
7 A referral from the Family Independence Agency.
14 Family/Friends.
6 Probate, district, circuit, or other local courts.
8 Other

5. Following your initial request for services, were you able to begin receiving services within a reasonable amount of time?

58 Yes 4 No 2 Not sure

6. Did the mental health services that you received help you to better handle the needs you sought services for?

55 Yes 4 No 4 Not sure

7. Are you satisfied with the amount of services you received from MCCMHSB?

54 Yes 4 No 4 Not sure

8. Are you satisfied with the type of services you received from MCCMHSB?

54 Yes 7 No 1 Not sure

9. Are you satisfied with the quality of services you received from MCCMHSB?

56 Yes 5 No 2 Not sure

10. Were MCCMHSB caregivers helpful in coordinating all your service needs?

57 Yes 4 No 3 Not sure

11. Did MCCMHSB caregivers consider your preferences and opinions when selecting treatment program(s)?

51 Yes 4 No 9 Not sure

12. Did MCCMHSB caregivers promptly address your complaints and concerns?

59 Yes 3 No 3 Not sure

13. Did MCCMHSB caregivers treat you with dignity and respect?

58 Yes 5 No 2 Not sure

14. Did MCCMHSB caregivers protect your rights to privacy and confidentiality?

61 Yes 0 No 5 Not sure

15. During the last 12 months:

a. Did the quality of services provided to you:

18 Improve? 6 Decline? 35 Remain the same?

b. If the quality of services provided improved or declined, was it because of (please check as many as apply) :

10 Involvement on the part of the case manager?
3 Lack of involvement on the part of the case manager?
3 A change in the quantity of services (the number of visits) received?
2 A program started?
1 A program ended?
1 Other

c. Did the quantity of services provided to you:

15 Improve? 3 Decline? 35 Remain the same?

d. If the quantity of services provided improved or declined, was it because of (please check as many as apply) :

12 Involvement on the part of the case manager?
1 Lack of involvement on the part of the case manager?
2 A program started?
0 A program ended?
4 Other

16. Would you recommend MCCMHSB to a close friend with needs similar to your own?

52 Yes 2 No 10 Not sure

17. If you are a former consumer, please respond to the following statements:

a. My MCCMHSB caregiver(s) and I mutually agreed to discontinue program services.

5 Yes 13 No 0 Not sure

b. My MCCMHSB caregiver(s) clearly explained to me the effect of discontinuing program services.

13 Yes 8 No 3 Not sure

Macomb County Community Mental Health Services Board (MCCMHSB)
Referral Sources Survey Summary

Summary Overview

We sent surveys to 121 referral sources who had professional interaction with MCCMHSB. This included contractors and agencies that also provided mental health services in Macomb County and other MCCMHSB stakeholders. Two surveys were returned as undeliverable mail. We received 72 responses from the 119 surveys delivered, a response rate of about 61%.

Following is a copy of the survey that includes the number of responses received for each item. The total number of responses for each item may not agree with the number of responses reported above because some respondents provided more than one response to an item and other respondents did not answer all items.

1. Which of the following statements most accurately describes your level of knowledge and interaction with MCCMHSB ?

 35 I am very familiar with and have regular contact with MCCMHSB.
 31 I am somewhat familiar with and have periodic contact with MCCMHSB.
 3 I am unfamiliar with and have little contact with MCCMHSB.

2. Which one or more of the following best describes your agency's relationship with MCCMHSB?

 36 Contractual provider of services to MCCMHSB
 0 Contractual purchaser of services from MCCMHSB
 4 Referral source to MCCMHSB
 5 Referral source from MCCMHSB
 5 Other

3. How many years has your agency had a working relationship with MCCMHSB?

Responses ranged from 1 to 45 years.

For questions 4 through 18, please check the box for the response that best describes your opinion regarding each of the following statements. If your agency does not refer individuals to MCCMHSB, please go to question 9.

	<u>Strongly Agree</u>	<u>Agree</u>	<u>No Opinion</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Not Applicable</u>
4. MCCMHSB responds promptly to referrals.	9	23	3	13	6	6
5. MCCMHSB helps referred individuals receive services consistent with their needs.	5	31	5	9	4	5
6. MCCMHSB facilities are physically accessible.	11	21	18	0	0	10
7. MCCMHSB facilities are conveniently located.	8	28	12	6	0	10
8. I would recommend MCCMHSB to people who need mental health services.	11	30	7	4	5	4
9. MCCMHSB responds promptly to requests for additional services.	7	22	13	12	7	6
10. MCCMHSB provides adequate and meaningful responses to my agency's requests for technical assistance.	12	23	10	8	5	11
11. MCCMHSB responds in a timely manner to my agency's requests for technical assistance.	10	27	11	4	6	10
12. MCCMHSB's reporting requirements and informational requests are reasonable and pertinent.	12	28	14	5	3	7

		<u>Strongly</u> <u>Agree</u>	<u>Agree</u>	No <u>Opinion</u>	<u>Disagree</u>	<u>Strongly</u> <u>Disagree</u>	Not <u>Applicable</u>
13.	MCCMHSB's reporting requirements are unduplicated.	10	18	23	4	4	6
14.	MCCMHSB asks us about our service needs when completing its annual program plan.	6	22	12	14	9	4
15.	MCCMHSB offers (either directly or through contractual arrangements with other providers) a continuum of services to benefit consumers with all levels of need.	12	34	9	4	4	3
16.	MCCMHSB evokes a positive image.	14	30	10	8	4	2
17.	MCCMHSB is effective in helping people.	12	37	7	7	4	1
18.	Since October 1, 1998, MCCMHSB's availability of services has remained the same or improved.	13	27	14	5	7	3

Glossary of Acronyms and Terms

capitated payment	A monthly prepaid amount for each Medicaid eligible individual.
CMHA	community mental health agency.
consumers	Individuals who are receiving or have received mental health or substance abuse services.
DCH	Department of Community Health.
developmentally disabled	An individual with disabilities that become evident in childhood; are expected to continue indefinitely; constitute a substantial handicap to the affected individual; and are attributed to mental retardation, cerebral palsy, epilepsy, or other neurological conditions.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
FIA	Family Independence Agency.
internal control	The management control environment, management information system, and control policies and procedures established by management to provide reasonable assurance that goals are met; that resources are used in compliance with laws and regulations; and that valid and reliable performance related information is obtained and reported.

MCCMHSB	Macomb County Community Mental Health Services Board.
MCO System	Managed Care Organization System.
mentally ill	An individual with a substantial disorder of thought or mood that significantly impairs the individual's judgment, behavior, capacity to recognize reality, or ability to cope with the ordinary demands of life.
mission	The agency's main purpose or the reason the agency was established.
MORC	Macomb-Oakland Regional Center, Inc.
outcome	The actual impact of the program. An outcome should positively impact the purpose for which the program was established.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
Rehabilitation Accreditation Commission	An organization that serves as a standards-setting and accrediting body. The Commission (formerly known as the Commission on Accreditation of Rehabilitation Facilities [CARF]) promotes the quality, value, and optimal outcomes of services through a consultative accreditation process that centers on enhancing the lives of the persons served.
reportable condition	A matter coming to the auditor's attention that, in the auditor's judgment, should be communicated because it

represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.

SRS

specialized residential services.